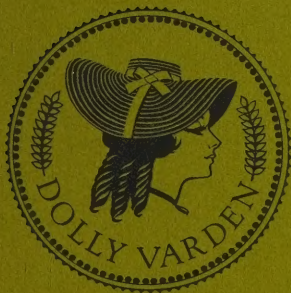


DOLLY VARDEN

one of the world's large SILVER reserves

copper, lead, zinc, cadmium, gold, barite

1974



fourteenth annual report

for the year ending march 31, 1974

DOLLY VARDEN MINES LTD. (NPL) VANCOUVER CANADA

The 1974 Annual Meeting will be held in
Room 209 of the Hotel Vancouver on
Thursday, September 26th, at 11:00 a.m.

directors

PETER E. CROMIE
President

JOHN BRUK

JOHN M. ROSE

Secretary:
BRYAN REYNOLDS

Auditors:
RIDDELL, STEAD & CO.

Solicitors:
LAWRENCE & SHAW

Bankers:
THE BANK OF NOVA SCOTIA

Registrar and Transfer Agent:
GUARANTY TRUST COMPANY OF CANADA

Head Office: 1400 United Kingdom Building
409 Granville Street Vancouver Canada

Mines at Alice Arm, B.C.

Shares listed on the Vancouver Stock Exchange

OUR SYMBOL: A Silver Coin



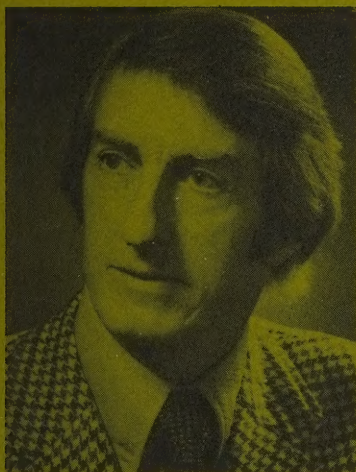
Why the girl in the hat?

In 1841 Charles Dickens in his book BARNABY RUDGE, introduced
a "charming young lady with flashing eyes" named Dolly Varden.
Her fame spread, and by the 1890's hundreds of ladies wore Dolly Varden hats.

Records show that when a prospector first discovered silver near
Alice Arm in 1907, he thought of this beautiful girl and named the strike, Dolly Varden.

DOLLY VARDEN

MINES LTD. (N.P.L.)



president's report

This past year has perhaps been the most trying in our history. The utter confusion concerning provincial mining royalties was compounded by the Federal budget introduced in May, 1974, which proposed further taxation of the resource industries. Postponement of financing resulted, and plans for activity at the property were suspended. Some clarification of our tax position has now come through, and financial discussions are being renewed. 864,653 shares were issued during the year at an average price to the treasury of 24.6¢ per share.

In October, Marvin Mitchell, B.Sc., P.Eng., who has been the company's geologist since 1968, was named Acting Manager. Engineering studies carried-out during the year continue to confirm the feasibility of our project, despite greatly escalated taxes and mining costs. We obtained leases on nine additional claims which we believe will eventually increase our reserves significantly, and which we referred to in more detail in our Interim Report of November 8th. At that time we also reported that the Kitsol vein now appears to be a valuable ore body. Another development is the possibility that the Torbrit ore body may be "bulk mined", which could provide one more year to our presently known reserves.

In spite of the price of silver increasing from \$2.60 an ounce one year ago to approximately \$4.50 now, production of silver by the world's largest producer, Canada, is not increasing, and yet consumption continues on upwards. World consumption continues to outpace production by over 50%!

Our objective is still to become one of the world's leading silver mines; hopefully, events from here on will hasten making that objective a reality.

On Behalf of the Board of Directors

A handwritten signature in dark ink, appearing to read "Peter Cromie". The signature is fluid and cursive, with a long horizontal line extending from the end.

Peter Cromie, President
August 14, 1974

dolly varden mines ltd.
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1974

[illegible]

dolly varden mines ltd. (Non-Personal Liability)
AND SUBSIDIARY COMPANIES

Riddell, Stead & Co. CHARTERED ACCOUNTANTS

MAILING ADDRESS: P.O. Box 49056, Bentall Centre, Vancouver, B.C. V7X 1E3
 OFFICE: 1860-505 Burrard Street, Vancouver, B.C. / (604) 685-2411 / Telex 04-55177 / Cable RIDSTED

AUDITORS' REPORT

To The Shareholders,
 Dolly Varden Mines Ltd.,
 (Non-Personal Liability).

We have examined the consolidated balance sheet of Dolly Varden Mines Ltd. (Non-Personal Liability) and its subsidiaries as at March 31, 1974 and the consolidated statements of deferred development and administrative expenditure and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1974 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Riddell, Stead & Co.

April 15, 1974.

**CONSOLIDATED STATEMENT OF DEFERRED DEVELOPMENT
 AND ADMINISTRATIVE EXPENDITURE
 FOR THE YEAR ENDED MARCH 31, 1974**

	1974	1973
DEVELOPMENT		
Assaying, sampling and drilling	\$ 449	\$ 54,218
Assessment fees and taxes	8,722	8,663
Camp salaries and maintenance	13,192	21,778
Depreciation	35,124	35,698
Employee benefits	2,304	2,488
Engineering and supervision	30,973	44,227
Equipment rental	513	10,982
Insurance	1,421	2,093
Machinery maintenance	771	3,834
Transportation and freight	1,215	5,614
	<u>94,684</u>	<u>189,595</u>
ADMINISTRATIVE		
Advertising and public relations	4,691	6,719
Depreciation	784	681
Directors' fees	6,000	-
Interest, discount and bank charges	22,707	17,122
Legal and audit	9,099	3,691
Office	2,615	3,253
Rent	5,898	6,242
Salaries	25,463	23,732
Transfer and listing fees	8,183	4,204
Travelling	979	970
Loss on disposal of fixed assets	3,544	-
	<u>89,963</u>	<u>66,614</u>
Interest earned	184,647	256,209
	<u>710</u>	<u>1,889</u>
Deferred expenditure at beginning of year	183,937	254,320
	<u>2,590,157</u>	<u>2,335,837</u>
DEFERRED EXPENDITURE AT END OF YEAR	\$2,774,094	\$2,590,157

dolly varden mines ltd. (Non-Personal Liability)

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED MARCH 31, 1974

	<u>1974</u>	<u>1973</u>
SOURCE OF FUNDS		
Proceeds of issue of capital stock	\$212,931	\$170,000
Proceeds from disposal of fixed assets	<u>1,619</u>	<u>-</u>
	214,550	170,000
APPLICATION OF FUNDS		
Development and administrative expenditures	183,937	254,320
Non-cash outlays	(35,908)	(36,379)
Depreciation	<u>(3,544)</u>	<u>-</u>
Loss on disposal of fixed assets	144,485	217,941
Purchase of fixed assets	1,024	448
Royalty and sundry payments on mineral claims	<u>7,800</u>	<u>6,900</u>
	153,309	225,289
INCREASE (DECREASE) IN WORKING CAPITAL	<u>61,241</u>	<u>(55,289)</u>
Working capital (deficiency) at beginning of year	<u>(17,246)</u>	<u>38,043</u>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	<u>\$ 43,995</u>	<u>\$(17,246)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1974

1. SUBSIDIARY COMPANIES

The accounts of the following subsidiary companies have been consolidated with those of the parent:

Percentage
of Ownership

Copper Cliff Mines Ltd. (N.P.L.) 100%
Kitsault Silver Mines Ltd. (N.P.L.) 83%

The excess of cost over the book value of the shares acquired has been allocated to cost of mineral claims, leases and rights.

2. MINERAL CLAIMS, LEASES AND RIGHTS

The Company has the right to mine the six "Musketeer" claims for the payment of royalties on which \$18,000 has been paid in advance to date, and \$15,000 is due within the next year.

During the year the Company entered into two agreements for additional mineral claims or leases:

(a) Mining lease with Anaconda Canada Limited for 3 claims under which there is a minimum annual royalty payable of \$500 and a maximum royalty of \$.75 per ton of ore mined or removed from the property. This lease is for a ten year term to October 12, 1983 and can be renewed for an additional ten years.

(b) Option to purchase 6 claims from New Jersey Zinc Exploration Company (Canada) Ltd. for the sum of \$51,200 of which \$1,200 was paid during the year and the balance is due on or before April 1983. A royalty fee of \$.50 per ton of ore mined is applicable against the outstanding balance. This agreement can be terminated at Dolly Varden's request by giving thirty days notice.

3. MINE BUILDINGS, EQUIPMENT AND OTHER ASSETS at cost

	<u>1974</u>	<u>1973</u>
Land	\$ 1,000	\$ 1,000
Roads	57,554	57,554
Bridges and dams	64,034	64,034
Buildings	91,471	91,471
Mine equipment	153,057	158,794
Office equipment	7,839	6,815
Mill	30,785	30,785
Barge grid	<u>11,892</u>	<u>11,892</u>
	417,632	422,345
Accumulated depreciation	<u>71,713</u>	<u>36,379</u>
	<u>\$345,919</u>	<u>\$385,966</u>

4. DEBENTURE PAYABLE

The Company's debenture, in the amount of \$105,000, bears interest at the rate of 14% per annum payable quarterly and is secured by a first floating charge on all the Company's assets and undertakings. The full balance of principal and interest is due and payable on August 1, 1975.

5. CAPITAL STOCK

(a) In October, 1973, the Company offered the holders of common shares the right to subscribe for additional shares on the basis of one share for each 10 common shares held plus \$0.20. This offering resulted in 564,653 treasury shares being issued for a net consideration of \$112,931.

(b) In March, 1974, Johns-Manville Corporation purchased 300,000 treasury shares of the Company for a consideration of \$100,000. Johns-Manville was considering the preparation of a final feasibility study but did not proceed.

6. STATUTORY INFORMATION

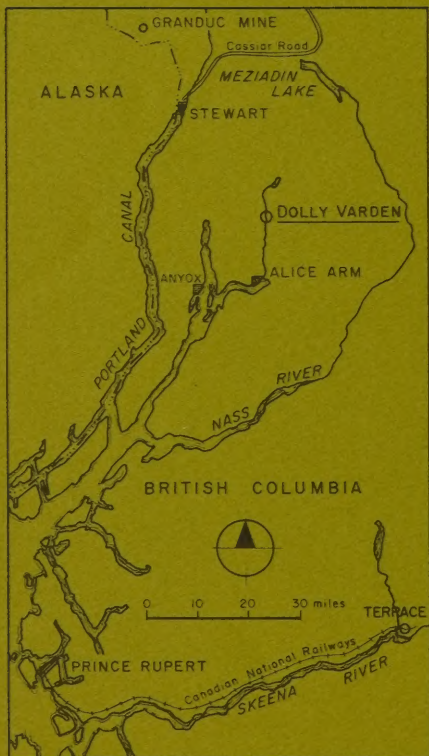
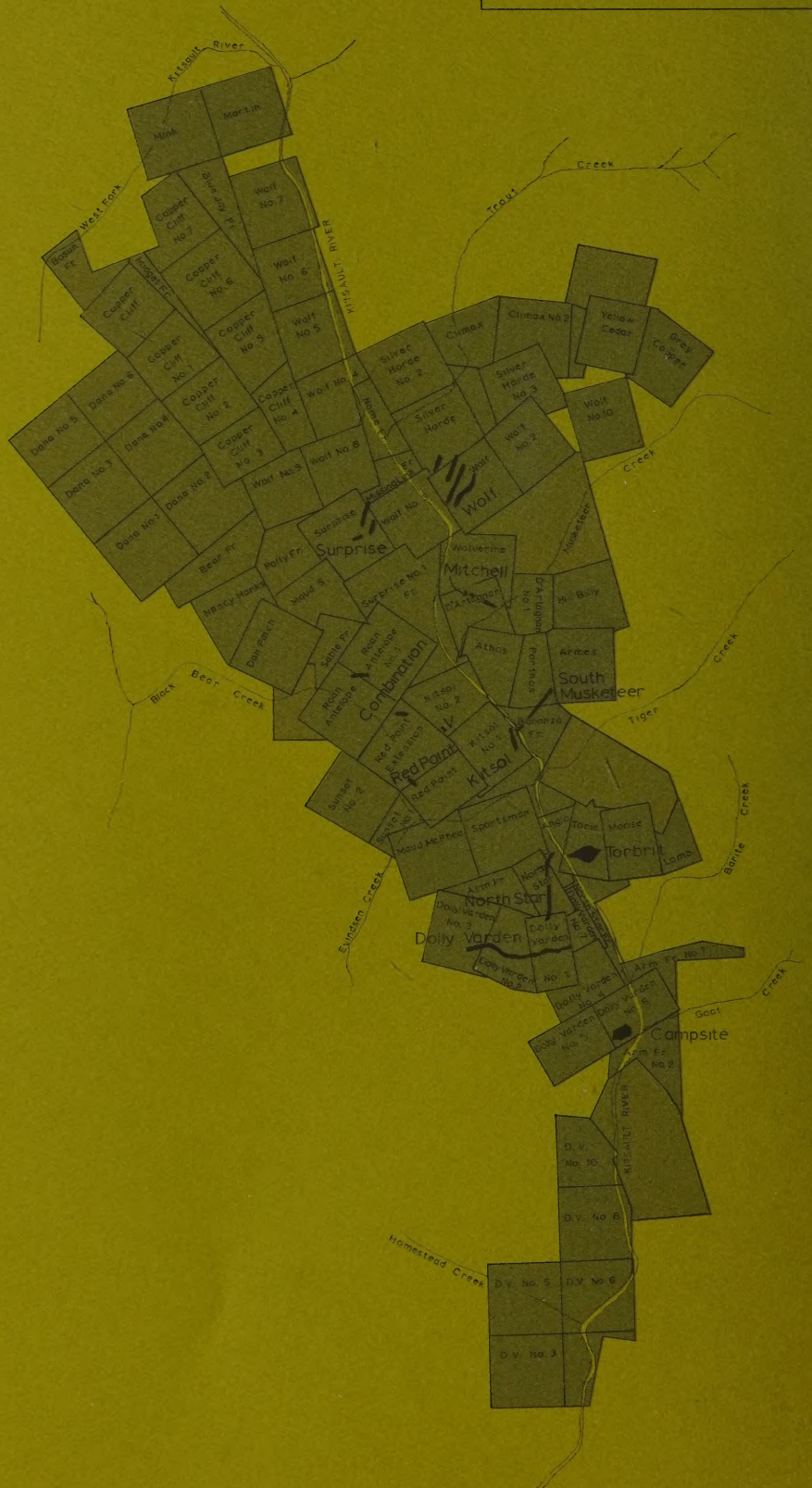
(a) Aggregate remuneration paid to directors and "senior officers", comprising the five highest paid employees, during the year amounted to \$66,057.

(b) Significant accounting policies followed by the Company are in accordance with generally accepted accounting principles employed by mining companies in the exploration stage and have been applied on a basis consistent with the preceding year.

dolly varden mines ltd.

PROPERTY MAP

SCALE 0 500 1000 1500 2000 FEET



This is Dolly Varden